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THE INTERNATIONAL DEVELOPMENT STRATEGY: SOME CONSIDERATIONS FROM THE STANDPOINT OF LATIN AMERICA AND THE CARIBBEAN

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Introduction

A number of steps were taken within the United Nations during 1989 towards the formulation of a new strategy for the 1990s, both by the General Assembly and by the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade.

The following document has been prepared for presentation to the Committee of High-Level Government Experts (CEGAN) at its seventeenth session, which is to be held at La Paz, Bolivia, from 5 to 8 March 1990. Its purpose is to provide background information relating to the tasks involved in the preparation of the new strategy, as well as to some of the subjects included in the outline for the strategy adopted by the General Assembly at its forty-fourth session. In this connection, the topics of Latin American and Caribbean trade relations with the rest of the world, human resources, poverty and the environment are discussed.

A. PREPARATION OF THE STRATEGY

Since the time of its twenty-second session (Rio de Janeiro, April 1988), ECLAC has been actively involved in the task of preparing the new international development strategy (IDS) for the fourth United Nations development decade. This subject was then addressed at the fifteenth and sixteenth sessions of the Committee of High-Level Government Experts (CEGAN), which were held in March and May 1989, respectively, and at the twentieth session of the ECLAC Committee of the Whole (New York, 30 and 31 March 1989).

The ECLAC Secretariat prepared a document providing information on this matter for the session held at Rio de Janeiro 1/ and a substantive document for use by the Committee of the Whole at its session in New York.2/ The latter document contained an assessment of the second IDS, discussed some of the characteristics of the current world context, and offered a number of observations concerning the basic approach to be taken by the new IDS, the range of issues it might cover, the nature of its objectives and goals, the institutional mechanisms for its appraisal, and its linkages with other United Nations activities. In addition, it discussed some specific objectives towards which the strategy could be oriented that would be relevant to the problems and interests of Latin America and the Caribbean.

CEGAN, for its part, included the basic guidelines of the countries of Latin America and the Caribbean for the preparation of the IDS in the report of its sixteenth session.3/ By this means the countries of the region set forth their views concerning the need for and the functions and approach of the strategy, discussed the prevailing international economic order, outlined the criteria they felt should be used in establishing appraisal mechanisms, and proposed a limited number of objectives which they felt it should incorporate.

These documents and reports bear witness to the recent successes of multilateralism and in particular of the United Nations system within the political sphere and with respect to peace-keeping efforts. In contrast, the results of international economic co-operation have generally been discouraging. Bearing in mind the founding principles of the United Nations system, it seems desirable, regardless of the point of view from which the situation is considered, that the advances made in other areas should be carried over into the economic and social fields so as to regain a long-term perspective and re-establish the development imperative as a primary objective.

The events of 1989 attest to the fact that international relations are undergoing a period of great change. These changes include the formation of large economic blocs, especially among industrialized countries; a major redefinition of positions in the socialist world; the continuation of the trend towards the increasing internationalization of the supply of goods and services, including financial services; and the gradual resolution of a number of long-standing political conflicts.

In this highly vigorous and changing context, the United Nations General Assembly decided to launch two initiatives of major significance: the preparation of a new international development strategy for the 1990s, and a special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries.4/ These initiatives seek to combine medium- and long-term solutions with a number of urgent measures which are called for in view of the severe crisis that has left its mark on most of the developing countries.

In order to implement its decisions, the General Assembly created the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy and the Preparatory Committee of the Whole for the Special Session. The Ad Hoc Committee submitted a draft resolution containing an outline for the strategy to the General Assembly at its forty-fourth session, which adopted the resolution by consensus.5/

The outline set forth in the resolution adopted by the General Assembly is divided into five chapters. The first is a preamble in which the events of the 1980s are evaluated and the outlook for the 1990s is discussed with a view to the adoption of a flexible economic framework for development, taking into account the results of the special session of the General Assembly. The second chapter concerns objectives and goals for the strategy, the primary one of which is to promote the development of the Third World countries within the context of an expanding global economy. The third chapter deals with policies and measures, and emphasizes that the strategy should address the revitalization and acceleration of broad, durable economic growth and development. In this connection, reference is made to the subjects of the external debt, international trade and commodities, technology, industrial and agricultural policies, and economic policy frameworks. In addition, the eradication of poverty and hunger, human resources and institutional development, and the topics of population, the environment, food and agriculture, and development financing are identified as priority aspects of development. Mention is also made of the need to take account of the countries' different requirements, especially those of the least developed countries. The fourth chapter concerns the role of United Nations organs, while the fifth deals with the review and appraisal of the implementation of the IDS.

The resolution stresses the link which should exist between the strategy and the special session of the General Assembly. In this regard, the Secretariat prepared a brief document in September 1989 containing some observations regarding the relationship which could be established between the two initiatives.6/ In this document it reached the conclusion that the two initiatives are certainly concerned with the same subject matter,

although they might emphasize different aspects of the issues in question. Thus, it has been suggested that the special session should give priority to short-term problems while the IDS should focus on medium- and long-term issues. Another possibility is for the special session to serve as the preparatory stage for the tasks of the IDS by providing a backdrop (i.e., a consensus as to a baseline analysis of the world economy) as well as policy guidelines for the new strategy for the fourth United Nations development decade. Yet another option, which could be applied in conjunction with the preceding one, would be for the special session to come to an agreement in regard to the establishment of institutional mechanisms which could then, as a group, present a proposal to the General Assembly concerning substantive changes in the way in which the international economy is organized, while the strategy, for its part, would define a limited number of objectives felt to be decisive for a resumption of the development process in the short and medium terms. Numerous consultations are being carried out in this connection, and the decision ultimately adopted on this question will serve to define the nature and scope of both initiatives more precisely.

On this occasion, the Secretariat of ECLAC wishes to add to its earlier contributions in this regard by examining three of the topics included in the outline for the strategy in somewhat greater detail. These three subjects are international economic relations, social and human development, and the environment. Various ways in which the problem of the external debt might be addressed from the standpoint of Latin America and the Caribbean are presented in a separate document.7/

B. INTERNATIONAL ECONOMIC RELATIONS

The Secretariat has explored some of the current characteristics of international economic relations in the documents cited in the preceding section. The present analysis will deal with some of the changes which have occurred in the relations between the centre and the periphery, particularly in the area of trade.

The new IDS now being prepared should take into account not only the persistence of problems which have plagued the world economy for many years, but also the major economic changes which took place in the international context during the 1980s.

Firstly, at the macroeconomic level, the values and characteristics of three important parameters of the international economy are quite different from what they were in the 1970s: real interest rates, the terms of trade between the countries of the Organization for Economic Co-operation and Development (OECD) and the developing countries, and exchange rates. The changes observed in these parameters have been greatly detrimental to the relative position of the less developed countries.

Secondly, and largely as a consequence of the changes seen in these international parameters, resource transfers from the peripheral countries to the nations of the centre have become an established trend over the past seven years. Indeed, in net terms the funds transferred out of the region by

Latin America and the Caribbean during the past eight years (1982-1989) amounts to US$ 200 billion.

Thirdly, the Group of Seven (Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom and the United States) has gradually come to play a more important institutional role since 1982 and has created a forum that now performs some of the functions which, until 1971, were fulfilled by the Bretton Woods system. This has resulted in some degree of economic policy co-ordination and in a system of "controlled instability". At least in the medium term, this system has been consistent with high real interest rates and the transfers being made by the two countries with the largest surpluses (Japan and the Federal Republic of Germany) and the country with the largest deficit (the United States).

Fourthly, high-technology manufactures, services and some non-traditional commodities (which do not include fuels) have become trade leaders. Among manufactures, the greatest dynamism is being seen in intrasectoral linkages --as opposed to intersectoral trade-- and transnational corporations have played a major role. This global context is not, generally speaking, favourable for the developing countries, whose export sectors are heavily dependent on commodities. In recent years, however, some niches have appeared in the markets of the developed countries which appear to offer some prospects for the exportation of non-traditional commodities, manufactures based on intrasectoral complementarity, and services.

As regards commodities, one group of developed countries has become the main producer and exporter of such goods, especially in the case of temperate-climate agricultural products and some minerals and metals. This has been coupled with the application of selective and comprehensive protectionist measures by some of the countries in this group. When the developing countries have tried to increase their exports or bring other products into the market, they have found themselves confronted with forms of managed trade in various areas (textiles, tropical products, manufactures such as leather) and, in some instances, with additional trade restrictions applied by the United States.

Thus, the trend with respect to trade restrictions has frequently run counter to that proposed for the 1980s in such multilateral initiatives as the Second International Development Strategy for the Third United Nations Development Decade and the UNCTAD Integrated Programme on Commodities. There is also a clearly regressive trend in the application of the Generalized Systems of Preferences (GSP). Targets for transfers of public financial resources from the developed to the developing countries have not been met, and the International Monetary Fund (IMF), the World Bank and even the Inter-American Development Bank (IDB) have withdrawn resources in net terms from the region during the last few years.

The only global initiative of major significance which is currently underway is the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which is scheduled to end by late 1990. What follows is a brief topic-by-topic review of the course taken by the negotiations thus far.

With respect to the standstill agreement and the dismantling of trade practices which are incompatible with the provisions of the General Agreement, no significant progress has been made to date. The developing countries are now demanding that a definite progress schedule for the negotiations be established.

In so far as the regulatory aspects of GATT are concerned, a reasonable amount of progress has been made in six subject areas: articles of the General Agreement, agreements reached in respect of Multilateral Trade Negotiations (MTN), safeguards, subsidies and countervailing measures, the settlement of disputes, and the functioning of the GATT system.

However, as regards other subjects for negotiation set forth in the Ministerial Declaration on the Uruguay Round which are of special interest to the developing countries --tropical products, tariffs, non-tariff measures, natural resource-based products, and textiles and clothing-- some of the protectionist positions taken by the developed countries have remained virtually unchanged.

There are also a number of new subjects to which the industrialized countries are giving priority with a view to the expansion of the system of international trade. The first of these is international trade in services, whose liberalization is of interest to the United States in particular. The second is the topic of investment. In this regard the developed countries are advocating the non-discriminatory treatment of foreign investment in developing countries. Finally, the subject of intellectual property rights has been introduced with a view to regulating the international transfer of technology and protecting such property from unauthorized use.

In respect of agriculture, the position maintained by the United States and the Cairns Group,8/ whose aim is to liberalize international trade in agricultural products, has been confronted with certain protectionist tendencies, chiefly on the part of the European Community and Japan, as well as arousing opposition among food-importing developing countries.

Although the General Agreement is experiencing a revitalization of its role as a policy-setting body and an important forum on international trade, so far progress on the various topics being considered in the Uruguay Round has been uneven and the greatest advances have been made in those areas which are of greater interest to the developed countries. The developing countries are therefore attempting to arrive at a better balance and achieve concrete advances in all the subjects being dealt with in the Uruguay Round, particularly those which they regard as of vital importance to their respective export sectors.

The combined effect of the above-mentioned changes has, thus far, tended to give rise to a new international context characterized by a rapid internationalization of the production and marketing of goods and services and by two different modes of participation in that process: the dynamic incorporation of one group of countries, while, for various reasons, another group finds itself lagging farther and farther behind. This state of affairs is the result both of systemic factors associated with the way in which the world economy is organized and of a lack of correspondence between the

production structures of many developing countries --including the vast majority of the Latin American and Caribbean nations-- and the international structure of demand.

Thus, the trends that were seen in commercial activity during the 1980s in the developed countries were quite different from those observed in the developing countries. The developed countries have experienced moderate but sustained overall growth since 1982 and have undergone a striking technological transformation, especially in the fastest growing areas of international trade. In contrast, with few exceptions (among them the newly industrializing countries), the developing countries have seen little or no growth, their investment coefficient has fallen and their social and production infrastructure has deteriorated. Many countries have made an effort to expand their exports, often at the expense of growth, and although they have succeeded in doing so in terms of their export volumes, this has not been reflected in the value of their exports, nor has an equivalent boost been given to domestic activity.

C. HUMAN RESOURCES, POVERTY AND DEVELOPMENT STRATEGIES

Social conditions deteriorated in many developing countries during the 1980s. In Latin America and the Caribbean, the crisis was manifested in a drop in the per capita product, a decrease in employment and productivity for large segments of the population, a decline in real wages and reductions in public social spending. Under these circumstances, it is not surprising that, as noted in a recent ECLAC study, the percentage of the population living in poverty is higher than it was in 1970. Since all the evidence indicates that between 1970 and 1980 the situation improved, it follows that it was during the 1980s that this severe decline occurred.9/

These results and those of other developing regions raise doubts as to the prospects for development and the possibility of creating more equitable societies in the years to come, following a decade during which so much damage was done to the social infrastructure. It therefore comes as no surprise that a series of documents have been brought forward within the United Nations which focus on the concepts of structural adjustment coupled with safeguards for low-income groups, human resource development and the elimination of poverty. The outline for the new IDS incorporates these concepts, as did the above-mentioned guidelines adopted by CEGAN in May 1989, especially in the case of poverty. These concepts have been part of the United Nations pool of ideas for quite some time, but they have now taken on special importance, perhaps because of the widespread concern about what are referred to as the "social effects" of the crisis, and they thus merit a closer examination from the standpoint of Latin America and the Caribbean.

1. Proposals for the eradication of poverty

a) Protection of the poor during the structural adjustment 10/

This proposal has two main aspects. Firstly, it complements structural adjustment programmes and is subordinate to them in the sense that its basic postulate is that these programmes are the core element of the overall strategy and that future social development hinges upon their success. Its aim is to protect those people who are temporarily unable to become a part of the economic growth process or are excluded from it. Secondly, its scope is confined to what can be done by means of public-sector social spending, whose level it admits would be very difficult to raise given the fiscal constraints inherent in the adjustment process.11/

The main thrust of this proposal is reflected in two complementary sets of measures:

i) The first set would be aimed at improving the effectiveness of social spending through its reallocation so as to channel the bulk of these resources to those who need them the most, whether these groups are identified in terms of income levels, geographic zones, sex or age groups, or other such categories. It also involves giving priority to those components of social spending which are considered to be the most necessary (e.g., preventive medicine, basic education, low-cost housing, or other such areas).

This concept of concentrating social spending in certain sectors runs counter to the idea of providing social services to all. The two arguments against the latter used by the advocates of this proposal focus on the insufficient supply of resources and the injustice of providing equal benefits to people having very different needs and resources. This concentration would be coupled, according to this proposal, with measures to improve the technical efficiency of the provision of such services in order to increase their quantity and quality per unit of cost.

ii) The second set of measures would involve the creation of special food, nutrition and emergency employment programmes for the most vulnerable groups.

This proposed approach to the elimination of poverty, which would combine structural adjustment programmes with a more efficient use of the public resources available for social services and the establishment of a few mass programmes to attack certain specific problems, has been the object of various criticisms. In this document mention will be made of only three of the objections made to this approach, which have served as the basis for the formulation of other, more complex proposals for achieving the same end.12/

The first argument is that the per capita level of public social expenditure in the region, although it varies a great deal from country to country, is too low to eradicate poverty even if the resources are used efficiently. Thus, the amount of funds that would be needed to attain this goal is far higher than what is currently available.

The second criticism focuses on the temporary nature of the proposed measures. The objection is made that this implies an excessive degree of confidence in the outcome of structural adjustments in terms of favourable social effects, whereas past experience does not back up the assumption that these processes necessarily lead to greater economic growth or to an equitable distribution of its benefits.

According to a third line of reasoning, the scope of a policy whose goal is to promote equity must not be confined to social services, much less to the even more limited sphere of public social expenditure. This would be analogous to proposing that economic policy should focus entirely on bringing about an efficient allocation of public expenditure. According to this line of thinking, an effort to eradicate poverty also calls for the use of policies on employment and wages, taxation, prices, income and other such variables.

In summary, these criticisms hold that the proposed policies are insufficient to eliminate poverty in the short term, and reflect some doubts as to the ability of structural adjustment programmes to stimulate economic growth and social development over the long term. There are thus two options. The first, which is based on the assumption that such programmes would indeed stimulate economic growth but would not lead to sufficient social development, is to formulate broader, more through-going policies for overcoming poverty which would be applied over a longer timeframe. The second, which is based on the view that adjustment programmes would exacerbate existing social problems, is to devise alternative strategies aimed at attacking the structural roots of poverty.

b) Humanizing the structural adjustment

A wide array of proposals have been made on the basis of the first of the above viewpoints, i.e., confidence in the capacity of adjustment programmes to boost economic growth, but doubt as to their effectiveness in solving --at least within a reasonable time span-- problems of inequity and poverty. These proposals often involve very broad-based programmes which in most cases would include an economic component and would modify the structural adjustment process itself. They generally entail approaches that would combine economic growth and adjustment with a concern for social equity 13/ while, insofar as possible, not sacrificing either one for the other. In some instances their overriding feature is an attempt to combine what is desirable with what is possible.14/

The broader scope of this type of proposal would in principle call for a greater fiscal effort; in addition to a more efficient allocation of social spending and the reorientation of public expenditure so as to increase social expenditure,15/ they also usually refer to the need to reform the tax structure so as to increase the proportion of taxes paid by high-income brackets.

The content of these proposals is also broader in scope. In addition to the restructuring of social services for purposes of equity and efficiency, they make provision for major incentives for the economic sectors which

provide more employment, for small landowners in rural areas and for the urban informal sector. Thus, these proposals may be regarded as supplementing the approach discussed earlier with the addition of a special concern for the creation of productive jobs and an increase in the production, productivity and income levels of low-income urban and rural sectors which would not receive --at least for a time-- the benefits of economic growth. They are aimed not only at providing these sectors with greater access to social services, but also at improving their situation in terms of productive employment and income levels.

c) Distributive growth

A third series of proposals focuses on the structural causes of poverty, which are economic, social and political in nature. This point of view holds that the type of economic development that prevailed in the past --where high growth rates often coexisted with persistent poverty-- was unable to deal with these structural causes, nor will economic adjustment be able to do so. Especially, in countries with high levels of poverty and shortages of physical, financial and human resources 16/ the incipient modern sector will be incapable of generating enough thrust to change the backwardness and poverty of the traditional sectors.

These proposals generally recommend public policies that will benefit the less developed or more disadvantaged economic sectors, production strata and social groups. Since the benefits of growth are not proportionately distributed to all, what is called for is a strategy centred on fighting poverty.

Another feature of these proposals is the importance they attach to distributive policies, i.e., those designed to act upon the economic factors which determine the primary distribution of income (such as ownership and control of the means of production and investment and price policies).

2. Proposals for developing human resources

The terms "human development" and "human resources development" have been used in the United Nations system to refer to concepts and approaches of varying scope. Some of these will be described briefly below.

a) Recovering the human dimension of development

Current proposals on this topic share a common belief, namely, that the human aspects of development have been neglected, and should now be given the importance which they truly deserve.17/

This problem has been discussed by the Committee for Development Planning. It distinguishes between two different meanings of the word "development": the first, which defines it solely as an increase in the demand for goods and services, and the second, broader meaning, which characterizes it as the expansion of the production capabilities of the

population. It notes that the two meanings are usually confused, and that more attention is generally paid to the former at the expense of the latter. It proposes combining the two concepts in a more balanced way, basing itself on theoretical and historical arguments.

From the theoretical standpoint, resources used for improving the quality of life (in education, health and other similar areas) should be considered as a productive investment in human capital and not as a non-productive expenditure. According to the proposal, many examples show that countries which encourage large-scale development of human capital --such as Japan and the Republic of Korea-- can achieve excellent results.

From a historical standpoint, many surprising divergences have occurred from the tendency for there to be a positive correlation between an increase in per capita income and an improvement in living conditions. On the one hand, there are countries where the betterment of these conditions has lagged behind the growth of per capita income, and, on the other, countries where the improvement in living conditions has exceeded the rise in per capita income.

The main idea of this proposal is that the crisis has resulted in too much emphasis being given to short-term management problems and the recovery of growth, at the expense of the human dimension of development. What is needed is to counteract this trend and achieve a better balance. In practical terms, public spending on education, health and nutrition should no longer be considered as luxury consumer goods, but as an investment in human capital. Although this proposal uses a different justification from those oriented towards offsetting the social effects of structural adjustment (it is put forward more in terms of human capital, and less in terms of equity), its recommendations are similar: they all focus on more efficient use of public spending in the social sphere.

b) Human resources development as the core of the strategy 18/

The United Nations, and specifically the Economic and Social Commission for Asia and the Pacific (ESCAP), has formulated proposals which present certain similarities with the above-mentioned proposals; they differ, however, in that human resources development forms the core of the strategy. In the Jakarta Plan of Action, human resources development is not considered to be a minor and subordinate part of an economic strategy governed by other criteria. On the contrary, it is the overriding element of an integrated socioeconomic strategy, a general framework serving as a guide for national development strategies and regional and international co-operation.

It is based on two assumptions which have long been present in ECLAC documents. One is that there are certain historical growth patterns which, although they may fulfil their objectives of invigorating the economy, do not necessarily improve the living conditions of the majority of the population or enhance the full utilization of available human resources. The second is that social goals are not achieved solely through the use of appropriate economic means or instruments; the fact is that the means and ends, both economic and social, are interdependent.

The Jakarta Plan of Action also takes the approach that human development is a necessary precondition and ultimate objective of development, which must be taken into account in preparing and re-directing strategies. This implies the full use of human resources and capabilities, with a view to increasing productivity and income, especially for the most needy groups; moreover, it presupposes an equitable distribution of the benefits of development. In accordance with this approach, development is simultaneously economic and social. The raising of productivity is based on the overall improvement of the human condition, which in turn makes it possible to achieve higher productivity levels. From this perspective, development is based on a kind of "virtuous" circle of human resources development and higher productivity.

The Jakarta Plan of Action contains 33 policy recommendations and 106 action proposals, classified according to the three major themes of employment and manpower development, science and technology and the quality of life.

c) The human dimension versus structural adjustment

The Khartoum Declaration, adopted by the International Conference on the Human Dimension of Africa's Economic Recovery and Development, was based, like previous declarations, on the need to give to the human condition the importance it deserves in development strategies.19/

From the standpoint of the crisis, whose impact on Africa has been so severe that it "challenges the very survival of the African people", this Declaration draws attention to the effects of the crisis and of structural adjustment programmes. Its concern for the human condition is not expressed as a proposal to complement adjustment programmes; on the contrary, it calls for a reorientation of these programmes, based on a number of objections to them.

The first is that they are incomplete, because they are often implemented as if fiscal, trade and price balances were ends in themselves, and sufficient conditions for economic growth. However, human condition imbalances --as related to employment, income, nutrition, health and education-- do not receive equal priority. The second objection is that they are too mechanistic, being inadequately grounded in the specific economic, human and cultural realities of the countries. This creates a wide gap between models and realities. Thirdly, they are considered in too short a time perspective. Indeed, according to the Declaration, it is impossible to wait for the attainment of external equilibrium and fiscal balance before seeking to improve the human condition or to expand investment in human resources, since such investment strengthens the institutional, productive and scientific and technical capabilities which form the basis for a more stable and less vulnerable economic position.

The primary message of the Khartoum Declaration is that structural adjustment programmes should be a single, complementary and compatible part of national development strategies, in order to ensure their consistency. The

focus of their concern should be the living conditions of human beings, which means giving priority to overcoming the imbalances in these conditions.

The concrete proposals which express this concern for the human condition are not as well articulated and exhaustive in the Khartoum Declaration as in the Jakarta Plan of Action. However, they point in the same direction, and both include the dimensions of employment and manpower development, using and adapting scientific and technological advances and improving the quality of life of the most disadvantaged groups.

D. BACKGROUND AND PROPOSALS FOR AN ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

1. Environmental conflicts in the region: causes and effects

Environmental conflicts in Latin America and the Caribbean have become increasingly intense in the past four decades. Some of the causes of these conflicts are described below.

i) The accelerated growth of the economy via industrial development processes and modernization in this field, although they have produced positive effects, have led to an excessive use of natural resources, especially renewable resources, and the introduction of a large volume of technological inputs, many of which are highly polluting.

ii) The accelerated growth of the population has exerted greater pressure on the use of natural resources and has generated processes of rural migration to urban centres and to expanded agricultural frontier areas.

iii) The predominance of a development style characterized by income concentration and social exclusion, as well as by a short-term outlook, has led to the squandering of some natural resources --especially energy resources-- and an underutilization of others.

iv) The predominant development style has brought about a dichotomous change in agriculture. On the one hand, there has been a concentrated process of modernization in highly productive areas, based on the intensive use of capital and the saving of labour; on the other hand, the peasant sectors have been abandoned and socially dismantled. Clear-cut processes of semi-proletarianization and differentiation, generating large scale migratory movements, are occurring.

v) There has been a rapid expansion of cities, owing to migration from the rural areas and from small and medium-sized urban centres. These large cities are characterized by marked segregation between the affluent and the extremely poor with the latter living in outlying areas with few or no basic services available.

The physical consequences of these environmental conflicts are well known. Nevertheless, the following effects should be especially noted:

i) Erosion: to a greater or lesser extent, all the countries of the region have suffered from this scourge. It is estimated that more than 10% (210 million hectares) of the total area of the region is affected by moderate to very serious erosion.

ii) Deforestation: Vast areas of the region have been cleared of their forests, thus contributing to erosion processes; the annual rate is equivalent to five million hectares. The wet tropical ecosystems are being seriously threatened.

iii) Loss of biological diversity: Latin America and the Caribbean have lost more species of flora and fauna than other regions. This process is closely related to deforestation because, in addition to the destruction of plant cover, there has been a loss of fauna because of the elimination of their habitat.

iv) Disturbance of marine ecosystems: The catching of resources at rates which exceed their ability to recover, and pollution from oil spills and land-based toxic wastes from industrial and agricultural development, have seriously affected marine ecosystems.

v) Disturbance of coastal ecosystems: The development of tourism, deforestation, contamination from oil spills, human settlements, industrial pollution and agricultural pesticides have resulted in the serious deterioration of mangrove swamps, coastal lakes and coral reefs.

vi) Deterioration of the quality of urban life: Various environmental factors are involved in this deterioration. One of these is the contamination of water, air and soil by industrial processes and organic wastes. Special mention should be made of the air pollution in cities such as Mexico City, Santiago and Sõo Paulo, whose high indexes pose grave risks to public health. A second factor is that the lack of basic resources, shortage of housing and proliferation of shantytowns force large urban populations to live in conditions that are worsening daily. To these must be added the risk of disasters --such as mud slides and floods-- due to the settlement of areas unsuitable for human habitation.

vii) Other damage: A whole array of other disturbing processes has occurred, such as soil salinization, silting up of rivers and lakes, eutrophication of water resources and other processes which affect land ecosystems.

The environmental conflicts in the region, and their causes and effects, have been exhaustively studied at the regional level under the auspices of ECLAC 20/ and the Regional Office for Latin America and the Caribbean (ORPALC) of the United Nations Environment Programme (UNEP).21/ The United Nations Development Programme (UNDP) has also recently carried out a review of the situation.

2. The environment in the context of the crisis

The serious nature of the crisis and the application of adjustment policies have contributed to environmental deterioration by affecting some of the causes of this deterioration. In view of the complexity of the subject and the tendency to see a linear relationship between crisis and environment, some thought should be given to understanding this issue.

Environmental disturbances in Latin America and the Caribbean existed long before the crisis, and obviously so did their causes, both man-made and natural. What has changed is the perception and characterization of the adverse impacts of environmental deterioration and the objective magnitude of these impacts.

A number of pre-crisis economic policies were highly detrimental to the environment: these included policies concerning the prices of agricultural and forestry products and inputs, taxes and subsidies, foreign trade and the management of State-owned natural resources, and some sectoral policies.

Environmental management, either by action or omission, has generally been unfavourable to the proper treatment of environmental variables. Although governments express concern about environmental matters, they are more likely, especially in sensitive areas in terms of economic growth, to select options that lead to medium- or long-term environmental damage.

The reason for the absence of a true willingness to incorporate the environmental dimension into decision-making processes is that public authorities and executives see it as opposed to economic development to some extent. Moreover, at the level of these authorities and executives, the instruments for incorporating the environmental dimension into public management are not clearly delineated.

Lastly, it should be kept in mind that a whole series of structural situations have favoured processes that are detrimental to the environment. This category includes extreme cases of agricultural landholding --*latifundios* and *minifundios*-- which are associated with the under- and over-use of land. It also covers cases of non-regulated public property, or ambiguous rights to many resources, such as water, forests and mineral deposits, which may be either over-exploited or exhausted. Lastly, there is the category of resources that may be either disturbed or destroyed whose use does not involve physical consumption, and whose ownership may be either public or private.

Moreover, all indications are that national authorities do not always clearly perceive the immediate feasibility of alternative models for solving the crisis which would not aggravate current social and environmental problems.

3. Environmental advances in the region: positions and agreements

a) ECLAC proposals

In recent years, environmental considerations have made it clear that the changes involved in the region's development must be sustainable on the medium and long term, not only in terms of socio-economic structures but also with regard to environmental conservation and improvement.

The Regional Programme of Action for the implementation of the International Development Strategy for the Third United Nations Development Decade, adopted at the nineteenth session of the Commission (Montevideo, May 1981), incorporated these considerations. Stating that the Strategy should be implemented on the basis of the specific objectives and conditions of Latin America and the Caribbean, it proposed that the following objective, inter alia, should be achieved:

> "[to] conserve the quality and increase the potential use of the environment, including measures to correct wasteful practices, so as to improve living conditions and lay the bases for a type of development which can be maintained in the long term".

This meeting was an important milestone in the assimilation of the concept of environmental sustainability in the thinking on development.

The topic was also discussed at the fourth and fifth conferences of ministers and heads of planning of Latin America and the Caribbean (Buenos Aires, May 1983, and Mexico City, April 1985). These meetings drew attention to the relationship between the environment and planning, inter alia, in the quest for more effective ways of linking short-term economic policy management with longer-term environmental goals.

Moreover, practically all subregional agreements take into account the importance of including the environmental dimension in the list of major challenges to be faced. Special reference should be made in this context to the Treaty for Amazonian Co-operation, the Permanent South Pacific Commission, the Action Plan of the Caribbean Environment Programme and the Andean Pact.

ECLAC is currently helping to prepare a draft environmental plan of action for Latin America and the Caribbean, jointly with the Regional Office for Latin America and the Caribbean of UNEP (which is acting as technical secretariat for this initiative), UNDP and IDB. This plan of action was expressly requested by the countries of the region at the Sixth Ministerial Meeting on the Environment in Latin America and the Caribbean (Brasilia, March 1989) and will be presented at the seventh meeting, to be held in October 1990.

b) Agreements, conventions and protocols

The great majority of Latin American and Caribbean countries have signed agreements, conventions and protocols, both internationally and regionally, on the environment.

At the international level, the United Nations General Assembly at recent sessions has adopted resolutions concerning the reports of the World Commission on Environment and Development.

Agreements that have been signed include the Vienna Convention for the Protection of the Ozone Layer (1985), the Montreal Protocol on Substances that Deplete the Ozone Layer (1987), and the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and Their Disposal (1989).

A number of Latin American and Caribbean countries have actively participated in preparing these agreements.

Another important fact is that the countries of the region have signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which has been used to improve the conditions of meany living species, especially in the animal kingdom.

In addition to international agreements, the Latin American and Caribbean countries have signed other agreements at the regional and subregional levels. Special mention should be made of the Treaty for Amazonian Co-operation (Brasilia, 1978), in particular the Declaration of San Francisco de Quito (1989); the Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region (Cartagena, 1983); the Protocol Concerning Co-operation in Combating Oil Spills in the Wider Caribbean Region (Cartagena, 1983); the Protocol for the Protection of the South-East Pacific Against Pollution from Land-based Sources (Quito, 1983); the Agreement on Regional Co-operation in Combating Pollution of the South-East Pacific by Oil and Other Harmful Substances in Cases of Emergency (Lima, 1981), and its Supplementary Protocol (Quito 1983); the Convention for the Protection of the Marine Environment and Coastal Area of the South-East Pacific (Lima, 1981); and the Convention on the Conservation of Antarctic Marine Living Resources (Canberra, 1980).

4. Proposal for progressing towards environmentally sustainable development within the context of international co-operation

a) Requisites for the establishment of new environmentally sustainable strategies

The environmental problems of Latin America and the Caribbean urgently demand the implementation of national and regional strategies and policies designed to attain a style of development more in keeping with environmental sustainability. In order to achieve this, it is necessary that certain conditions should be present, as described below.

i) Political society, in all its different expressions, must take account of the problems of the environment. It is not possible to achieve greater incorporation of the environmental dimension unless the various sectors making up society are fully agreed on the need for change.

ii) It must be recognized that the various groups and classes making up the national societies have different perceptions of environmental problems, and the repercussions of the conflicts among such groups and the classes on environmental problems must be suitably appraised. Responsibility for the deterioration of the environment lies with various different kinds of social actors, and many of the environmental costs are unequally shared.

iii) The development strategies and economic policies of the countries must internalize the environmental dimension, taking full account of its benefits and costs. In view of the rapidity of the changes which are taking place, there can be no question of considering natural resources as externalities; that is an outdated attitude which goes some way towards explaining the current deterioration in the environmental situation.

iv) It is necessary to achieve a better understanding of the production rationale which prevails in the region and the economic policies applied there, in the light of their cause-and-effect relationships with deterioration of the environment.

v) The macroeconomic indicators must be modified or supplemented so as to take account of the current state and trends in respect of the natural heritage and permit a real evaluation of the well-being of the population and the environmental sustainability of the development process. The current indicators do not fulfill these functions. Indeed, in many Latin American and Caribbean countries they merely measure a type of growth which is carried out at the cost of the depletion and destruction of the natural heritage.

vi) The State must play a fundamental role in regulating natural resource use so as to foresee and control processes of deterioration and depletion of resources and to further the utilization of such resources on the basis of proper research and incentives for the application of sound technologies.

vii) It must be recognized that the environmental situation can only be improved if there is a marked reduction in poverty levels. Poverty situations always give rise to survival strategies which do not necessarily take account of their effects on future generations. The current situations of extreme poverty constitute a most serious danger for the future of the region.

viii) The application of alternative policies must be postulated within the framework of national environmental systems which approach the subject of the environment from an intersectoral standpoint and consider it as a strategic dimension for the balanced development of the various regions of a country. In this respect, it must be admitted that at present the environmental institutions of almost all the countries of the region continue to play only a marginal role in the formulation of development plans and policies.

b) Elements of a Latin American and Caribbean position

The environmental situation in the region demands radical measures to check the processes of destruction and deterioration of the environment. As things stand at present, development may not be viable in the longer term, since its material base is seriously threatened. These considerations are particularly important because in many countries of the region development and the quality of life of the population depend very much on the physical environment: on primary production in the agriculture, mining and fishery fields, or on agroindustry. Furthermore, there are substantial population groups in such areas as the Andes, the Atlantic coast of Central America, Amazonia and the North-East of Brazil whose lifestyles are strongly conditioned by environmental factors.

In these circumstances, it is necessary to take national and regional action in Latin America and the Caribbean aimed at solving environmental problems at these levels and, at the same time, at helping to relieve world-scale problems.

In formulating the International Development Strategy for the 1990s it is essential, from the environmental standpoint of Latin America and the Caribbean, to take account of the following points:

i) In preparing an international agenda on the environment, it should be made perfectly clear that the environmental problems of the countries of the region are markedly different from those of the developed countries. The former are engaged in a struggle for survival itself, whereas many of the concerns of the latter are centred on the quality of life.

ii) It should be noted that these differences may be concealed by the problems of world ecological changes and imbalances which are affecting the future of the entire planet.

iii) The fundamental cause of the present environmental situation of Latin America and the Caribbean is the prevalence of a style of development which is the product of the countries' international economic relations. The environmental problems are linked with the world economic and social order, and for much of humanity the root of the problems lies in a vicious circle of poverty and degradation of the physical environment; many of the main obstacles to the solution of environmental problems are to be found in the deterioration of the terms of trade, the protectionism practiced by the industrialized countries, and the burden of the external debt, which has turned the developing countries into net exporters of capital.22/

iv) In these circumstances, improving the environment will only be possible within the context of an international economic situation which offers possibilities for overcoming the problems of poverty, unemployment and marginality.

v) The concern of the developed countries for the survival of the planet has caused the discussion of environmental problems to be limited to the search for solutions to problems of global ecological imbalance. In this context, regional problems are only considered when they affect the problem

at the world level. For the Latin America and Caribbean nations, however, it is very difficult to go along with the assignment of priority to global-level problems, since their own urgent needs are dictated by the challenges to their very survival. The circumstances in which the region lives and works give rise to a very difficult conflict between the defence of the present generation and concern for future generations.

vi) The developed countries are demanding that the region should fulfill certain requirements: the maintenance of certain ecosystems which significantly affect climatic stability; the conservation of flora and fauna through the preservation of certain ecosystems, in order to contribute to the diversity of biological resources; the abandonment of processes which generate dangerous chemical and radioactive wastes that threaten land and marine ecosystems, and the replacement of chemical compounds which affect the ozone layer. The concern of the North for the conservation of the wet tropics is extremely marked.

vii) At the same time, it should be noted that certain enterprises from Europe and the United States have sought to use the Latin American and Caribbean region as a dumping ground for the toxic wastes generated in their own countries.

viii) Before any discussion is begun within the frame of reference laid down by the developed countries on the possible contributions and responsibilities of the region, it should first of all be recognized that those countries have contracted an environmental debt with our region because of the excessive exploitation of the natural resources of this part of the world during the colonial and neocolonial periods and the unequal terms of trade imposed on the products of Latin America and the Caribbean.

ix) Finally, it should be clearly stated that much of the responsibility for world ecological upsets is due to the generation of energy for urban and industrial use in the developed countries and the utilization by the latter of chemicals which destabilize the ozone layer.

c) Important topics for the International Strategy

In the light of the foregoing and of the position of Latin America and the Caribbean with regard to the proposals of the developed countries on the environment, it may be suggested that the following topics should have priority in an international strategy:

i) The environment and the debt negotiations. When the topic of the external indebtedness of the Latin American and Caribbean countries is discussed, the topic of the environmental debt which the developed countries have contracted with the developing countries and which was referred to earlier in this document should be brought in. Establishing a relationship between the two types of debt would provide a useful instrument in the debt negotiations, the results of which will strongly influence the future social conditions of the countries of the region.

This topic should not be confused with the conversion of debt into resources for the conservation of areas of natural resources: a procedure which has so far been of only limited scope. What is involved here is the establishment of different terms of negotiation. In this respect, it would be appropriate to recommend investments which help the most underprivileged sectors through rehabilitation of the environment, such as reafforestation, the rehabilitation of terraces, river basin management, etc.

ii) Conservation and research programmes in connection with biodiversity. Among the global topics given priority by the industrialized nations is the defence of genetic diversity, which is an environmental factor of particular importance in the region. The proposals made in this respect in some international forums have been considered, however, as a form of interference in the domestic affairs of the countri as regards the use and management of their natural resources.

There can be no doubt that the genetic and ecosystemic information associated with this diversity is a resource of enormous value in view of the technological advances observed today in the world, particularly in the field of genetic engineering as applied to the food industry, pharmacology, etc. There are, however, no international rules or agreements regulating the trade in this information (in fact, today such trade is almost equivalent to a simple transfer). This not only adversely affects the interests of the region but also gives rise to legitimate doubts about the motives underlying this topic.

In this respect, intraregional co-operation could be directed towards the establishment of a common front to promote an international agreement, protocol or convention designed to ensure that the countries which possess these resources can derive the appropriate benefits from them. Progress could also be made towards systems of co-operation with regard to scientific research and advanced technology in this field.

iii) Management of large river basins. The conservation of the ecosystemic functions of the large river basins, especially that of the Amazon, is particularly important for maintaining the climate of the region; indeed, according to the latest scientific studies, the effects may even extend to the rest of the world. This means that the region could emphasize its position as an "exporter of climate" in order to obtain financing for programmes designed to permit environmentally sustainable development.

This proposal is particularly important in view of the external efforts to intervene in the management of these spaces. For the region, a priority position should be that of insisting on respect for national sovereignty and asserting every country's right to manage its natural resources as it sees fit. Without violating this principle, however, the countries of the region could use the ecosystemic importance of their territory as a further element in the negotiations with the developed countries.

iv) The handling of dangerous chemical products and wastes and petroleum. The transport of chemical products and wastes and petroleum increases every day in the region, many of the countries of which are signatories to the international conventions for the prevention of negative

effects and disasters. The region should take a firm and united attitude in the face of foreign efforts to induce it to act as a dumping ground for the wastes of developed countries.

Likewise, the region should be on its guard against the installation of dangerous chemical industries which are seeking new locations because their operations are banned in their own countries.

Another aspect which should be carefully controlled is the importation of chemicals, pesticides and pharmaceutical products, especially in the case of those which are prohibited in the countries that produce them.

v) Co-operation in scientific and technological research on environmental matters. Co-ordination in scientific and technological research is of vital importance in order to advance in these matters. The scientific interest of the developed countries in the species found in the region should be matched by new and novel forms of support for endogenous scientific and technological development.

Notes

1/ ECLAC, Preparation of the New International Development Strategy for the fourth United Nations Development Decade. Note by the Secretariat (LC/G.1517(SES.22/17)), Santiago, Chile, April 1988.

2/ ECLAC, Preparation of a Third International Development Strategy. Note by the Secretariat (LC/L.494(PLEN.20/4)), Santiago, Chile, January 1989.

3/ ECLAC, Report on the Sixteenth Session of the Committee of High-Level Government Experts (CEGAN) (LC/G.1569(CEG.16/2)), Santiago, Chile, June 1989.

4/ See General Assembly resolutions 43/182 and 44/169, and decision 43/460.

5/ General Assembly resolution 44/169.

6/ ECLAC, Some Reflections on the Special Session of the General Assembly and the International Development Strategy (LC/L.518(SEM.51/2)), Santiago, Chile, 30 August 1989.

7/ ECLAC, Latin America and the Caribbean: Options for reducing the debt burden (LC/G.1605(SES.23/5)), Santiago, Chile, February 1990.

8/ The following countries are members of the Cairns Group: Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

9/ ECLAC, Magnitud de la pobreza en América Latina hacia fines de los ochenta (LC/L.533), Santiago, Chile, December 1989.

10/ World Bank, Protección de la población pobre durante períodos de ajuste, Washington, D.C., March 1987.

11/ The main concern in this proposal seems to be to prevent continued reduction in government social spending in relative and absolute terms. A recent document states that as a result of the accumulated debt and the consequent interest commitments, many governments have been forced to reduce their spending on the social sectors. In Latin America as a whole, the share of health spending in total public spending decreased from 9% in 1980 to 5.5% in 1985, while spending on education dropped from 15% to 10% of the total over the same period. The concern now is how to reverse these trends. See

G. Psacharopoulos, Recovering Growth with Equity. World Bank Poverty Alleviation Activities in Latin America, World Bank Internal Discussion Paper, April 1989, p. 14.

12/ A more detailed review of these criticisms is made by the ECLAC Social Development Division in El desarrollo social en los años noventa: principales opciones (LC/R.703/Rev.1), December 1988.

13/ There are many examples of such proposals; the best known include: H. Chenery et al., Redistribution with growth, London, Oxford University Press, 1974; G.A. Cornia et al., Adjustment with a Human Face, New York, Oxford University Press, 1988; PREALC, Ajuste y deuda social. Un enfoque estructural, Santiago, Chile, 1987. These proposals are by United Nations agencies, namely, the World Bank (in its approach to the 1970s), UNICEF and the International Labour Organisation, respectively.

14/ H. Jaguaribe stresses that his proposal is the outcome of applying a criterion which he calls "minimax": the maximum that the richest people are prepared to give combined with the minimum that the poorest people are willing to accept. See H. Jaguaribe and others, Brasil. Reforma ou caos, Rio de Janeiro, Paz e Terra, 1989.

15/ The idea of reducing other items of public expenditure in order to raise social spending was proposed a long time ago. See ECLAC, Social Development Division, Desarrollo equitativo. Algunas sugerencias para la acción (LC/R.628), Santiago, Chile, 1987. The World Bank has recently expressed support for the idea. Thus, at the annual meeting of IMF and the World Bank (Washington, D.C., 22-28 September 1989), Mr. Barber Conable, President of the Bank, said that low-income countries as a whole allocated about 20% of the central government budget to defence: more than the combined spending on education and health. He also noted that in general military spending in such countries had not been reduced and that in many of the largest developing countries the military debt accounted for a third or more of total debt servicing.

16/ A good example of this type of proposal can be found in ECLAC, La pobreza en América Latina: dimensiones y políticas, Estudios e Informes de la CEPAL series, No. 54 (LC/G.1366), Santiago, Chile, 1985, United Nations publication, Sales No. S.85.II.G.18. See also Sergio Molina, "Poverty: description and analysis of policies for overcoming it", CEPAL Review, No. 18 (E/CEPAL/G.1221), December 1982. United Nations publication, Sales No. E.82.II.G.4.

17/ See, in particular, Committee for Development Planning, Human resources development: a neglected dimension of development strategy, New York, United Nations, 1988. The Amman Statement, made at the meeting in Amman, Jordan on "Development: the human dimension", organized by UNDP and the North-South Round Table of the Society for International Development, is in the same vein.

18/ Economic and Social Commission for Asia and the Pacific (ESCAP), Jakarta Plan of Action on Human Resources Development in the ESCAP Region, Jakarta, Indonesia, April 1988.

19/ Economic Commission for Africa (ECA), The Khartoum Declaration. Towards a Human-Focused Approach to Socioeconomic Recovery and Development in Africa, Khartoum, March 1988.

20/ See O. Sunkel and N. Gligo (eds.), Estilos de desarrollo y medio ambiente en la América Latina, Mexico City, Fondo de Cultura Económica, Serie Lecturas No. 36, vol. 2, 1980; Nicolo Gligo, Estilos de desarrollo, modernización y medio ambiente en la agricultura latinoamericana, Estudios e

Informes de la CEPAL series, No. 4 (E/CEPAL/G.1117), Santiago, Chile, United Nations publication, Sales No. S.81.II.G.9, 1981; and ECLAC/ILPES/UNEP, La dimensión ambiental en la planificación del desarrollo, Buenos Aires, Grupo Editor Latinoamericano, 1986.

21/ The six ministerial meetings on the environment in Latin America and the Caribbean convened by UNEP are relevant in this connection. See especially UNEP, Final Report of the Sixth Ministerial Meeting on the Environment in Latin America and the Caribbean (UNEP/LAC/IG.VI6), Brasilia, March 1989, and Introductory Report of the Director of the Regional Office for Latin America and the Caribbean presented at the Meeting of High-Level Government-Designated Experts on Regional Co-operation in Environmental Matters in Latin America and the Caribbean (UNEP/LAC/IGWG.VI/Inf.3-1(Rev.1)), Brasilia, January 1989.

22/ In this connection, see for example the address delivered by the President of Brazil at the opening ceremony of the Sixth Ministerial Meeting on the Environment in Latin America and the Caribbean (Brasilia, 31 March 1989).